Salt Lake Valley
Emergency Communications Center
West Valley City, Utah

Comprehensive Annual Financial Report
For the Fiscal Year Ending June 30, 2005

Salt Lake Valley Emergency Communications Center

West Valley City, Utah

Comprehensive Annual Financial Report

for the fiscal year ended June 30, 2005

Prepared by:
Administration Department

Gary Lancaster
Interim Executive Director

David P. Sanderson
Financial Manager

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Introductory Section

SALT LAKE

VECC 911

VALLEY EMERGENCY COMMUNICATIONS CENTER

August 19, 2005

To the Board of Trustees, Board of Operations, and Interested Parties:

The Comprehensive Annual Financial Report (CAFR) of Salt Lake Valley Emergency Communications Center (the Center) for the fiscal year ended June 30, 2005 is submitted herewith. State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation including all disclosures, rests with the Center's management. To the best of our knowledge and belief, the data presented is accurate, in all material respects, and is presented in a manner designed to fairly set forth the results of operations of the Center; that the report fairly presents the financial position of the Center; and that all disclosures necessary to enable the reader to gain a maximum understanding of the Center's financial activities have been included.

The Center's financial statements have been audited by Osborne, Robbins and Buhler, PLLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Center for the fiscal year ended June 30, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Center's financial statements for the fiscal year ended, June 30, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The Center was not required to undergo a single audit in accordance with the provisions of the Office and Management and Budget (OMB) Circular A-133 *"Audits of States, Local Governments, and Non-Profit Organizations"*.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Center's MD&A can be found immediately following the report of the independent auditors.

5360 South Ridge Village Drive
West Valley City, UT 84118-4100
801-840-4100
Fax 801-840-4040

This CAFR is presented in four main sections:

1. **Introductory Section** includes this transmittal letter and provides general information about the Center and history of operation, as well as other information on the contents of the report, the organization structure and the financial operations of the Center.

2. **Financial Section** includes the independent auditor's report, management's discussion and analysis, the basic financial statements, and notes thereto.
3. **Statistical Section** contains additional unaudited financial and general information generally presented on a multi year basis.

4. **Compliance and Internal Control Section** includes the independent auditor's report on compliance and internal control and state legal compliance.

Reporting Entity
History

The Valley Emergency Communications Center, West Valley, Utah, was organized June 13, 1988 pursuant to the provisions of the Utah Interlocal Co-operation Act as a joint enterprise of Midvale City, Murray City, Salt Lake County, Sandy City, South Jordan City, West Jordan City, West Valley City, Draper City and South Salt Lake who joined the Center in April 2000 (the Members). Salt Lake County Fire Department has merged to an organization called the Unified Fire Authority, referred herein as the "UFA". Other smaller cities that had contracted with Salt Lake County Fire, now belong to the UFA. These cities include Riverton, Herriman, Town of Alta, and Cottonwood Heights.

The primary purpose of the Center is to fund and operate a communications center which handles certain emergency communications and other services for the Members, including police, fire, medical dispatch and 911 services. This type of government structure is referred to as an inter-local agency. During the fiscal year 2000, when the Salt Lake County Commission signed a memorandum of understanding, the name was officially changed to Salt Lake Valley Emergency Communications Center. The place of business is located at 5360 South Ridge Village Drive, West Valley Utah.

The Board of Trustees is made up of a member from each member jurisdiction. A chairman and vice-chairman are elected each year. The regular meetings are held on the third Wednesday of each month at 2:00 p.m. at the Center.

Mission Statement and Organizational Values and Every Employee a Leader, the Principles of Leadership

Our Mission:

To enhance the quality of life by handling all 911 calls and other calls for service; dispatch necessary emergency services in a prompt, courteous, professional and correct manner, thereby saving lives, protecting property, stopping crime and preventing major fire loss while maintaining accurate information for our member agencies.

Organizational Values:

- ✓ We value the life and safety of those individuals whom we serve.
- ✓ We value professional, well- trained employees.
- ✓ We value the collection and distribution of accurate information.
- ✓ We value the creation of information systems that regularly evaluate the quality of the services we perform.
- ✓ We value the individual needs of our employees while encouraging the fostering of strong work teams.
- ✓ We value individual and organizational honesty.
- ✓ We value a healthy workplace, free from harassment or retribution, where each member works in a supportive environment.
- ✓ We value an appropriate sense of humor and recognize there are times when it is invaluable.
- ✓ We value good mental and physical fitness within a healthy environment.
- ✓ We value the building of quality positive listening skills and open communications.
- ✓ We value responsibility and accountability for our actions and decisions.

Economic Outlook and Future Operations

The Center is located approximately 10 miles south and west of Salt Lake City in Salt Lake County. The Center was created in 1988 because of the need to adequately serve the member cities through economies of scale and the purchase of expensive equipment. There has been tremendous growth in the member cities, which has caused tremendous growth in the number of calls per day the Center handles. Each member city pays a cost per call based on whether it is a fire or law enforcement call. The cost per call in 2005 was $7.45 for law enforcement and $21.00 for fire. There were 50,752 fire calls in 2005, representing an increase of 15 percent over the past six years. There were 295,595 law enforcement calls in 2005, representing an increase of 21.6 percent over six years.

The following is a summary of the calls handled by the Center during the past fiscal year.

	Calls Handled	
Member Organization	Law Enforcement	Fire
South Jordan	17,626	1,909
Midvale	24,581	3,277
Draper	13,446	-
South Salt Lake	32,166	3,875
Murray	34,500	4,119
West Jordan	46,352	4,244
Sandy	51,736	5,633
West Valley	75,188	8,063
United Fire Authority	-	19,197

The operations of the Center will be impacted in the future by the Salt Lake County Sheriff joining the Center. At this point in time, it is anticipated that it could possibly happen by January 1, 2006. Next year's budget was adopted without the Salt Lake County Sheriff with the intention that the budget would be amended whenever the Salt Lake County Sheriff joined the Center. Through some analysis based on costs per calls, it may be a short-term financial burden for the Center when this takes place, because the Salt Lake County Sheriff's calculated cost per call is approximately twice as much as the Center's. With their fee being based on the cost per call of the Center, it will provide approximately 1.3 million dollars in revenues and, as part of the agreement, the Center will absorb all the present Sheriff's dispatchers that are willing to transfer. At the present time, this is approximately two million dollars in salary and benefits. It is anticipated by the Center that only about 75% will actually transfer and the balance will be reduced through attrition. However, this could be over a six-month period of time and it is estimated at this time that the Center's net assets could be reduced by $300,000 to accomplish this merger.

Major Initiatives

The Center has developed both short term and long-term goals. They are as follows:

Short-Term Goals

1. Continue to attain the Distinguished Budget Award, Comprehensive Annual Financial Report Award, and Popular Report Award from GFOA.

2. Complete the necessary processes in preparation for the CALEA on-site and re-accreditation.

3. Continue developing the Horizons University curriculum to obtain more efficient, well-trained employees dedicated to improved job performance.

4. Continue development of the Wellness Program for the Center and apply for fiscal 2006 grant funds.

5. Implement release 8.0 of the Great Plains Accounting Software and complete employee training on Business Portal Software in order to maximize usage of the multiple functions available.

6. Upgrade the phone system to distinguish the location of cell phones using a graphical positioning chip inside the cell phone and using longitude and latitude technology.

Long-Term Goals

1. Refine the CAD solution, continuing work with Spillman Technologies during the interim to refine their software to better meet the Center's needs.

2. Complete the transition to the new "Landmark" product and evaluate the wireless delivery system needed for MDC/AVL.

3. Complete the fire dispatch process analysis as defined by the Trustees.

4. Refine the Police QA process to develop improved consistency among the supervisors.

5. Continue to work with our member agencies in the planning and development of their "Emergency Operations Centers".

6. Coordinate efforts to transition new member agencies and services into the Center.

Financial Information

Internal Controls

In evaluating the Center's accounting system, an important consideration is the overall adequacy of internal controls. Internal controls are in place to provide management with reasonable assurance regarding (a) the safeguarding of assets against loss from unauthorized use or disposition; and (b) the overall reliability of the financial records for preparing financial statements and for maintaining accountability and control over the Center's assets. These procedures are deemed adequate to provide a reasonable assurance against misappropriation or other unauthorized use of the Center's assets.

Budgetary Controls

The Center is required by law to adopt an annual budget each year. This is in accordance with the State of Utah Fiscal Procedures Act. Under State law, the Center has no budget requirements other than adopting a budget for the fiscal year. No budget comparison to actual is presented within this report.

Budget preparation affords the cost centers the opportunity to reassess their goals and objectives and the strategies for accomplishing them. Though the budget is reviewed by the Board of Trustees in May and adopted in June, its preparation begins six months prior with projection of revenues, reserves, and financial capacity. It is the backbone upon which cost center requests are formulated and reviewed.

The first step in the process is financial forecasting. The managers over each cost center develop their budget based on status quo from the previous year and add services or programs through additional requests. The administrative staff provides the Executive Director with revenue projections that serve as the framework for the budget.

Cost center managers meet with the Executive Director in January to discuss their operating and capital budget requests. Budget increase requests are evaluated on the Center's financial capacity and how they relate to the Center's priorities. Following the Executive Director's review and balancing of the budget, a balanced operating budget is prepared.

The Executive Director then submits the balanced working budget document to the Board of Operations for their review. The Board of Operations is made up of the member agencies' police and fire chiefs. The Board of Operations reviews the proposed budget in January and February budget work sessions and votes on any change to the proposed budget. The Executive Director and the administrative staff compile this document for submittal to the Board of Trustees for their review and adoption.

Cash Management

The Center's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. During fiscal year 2005 the Center invested its idle funds with the State of Utah, Public Treasurer's Investment Fund. Excess balances in checking were invested in a cash management account through Wells Fargo Bank. State law requires that the Center funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. Center funds are invested as required by State Law. The Center saw an average rate of return of 2.78 percent on investments during fiscal year 2005.

Risk Management

The Center carries liability insurance through an outside agency to cover property, equipment, boiler and machinery and also public entity liability. In addition, a public treasurer's bond is in force. The Center actively implements various risk control and safety training techniques for the Center's employees, along with potential risk evaluations from its insurance carrier.

Retirement Plans

The Center contributes to the Local Government Non-Contributory Retirement System cost-sharing defined benefit pension plans administered by the Utah Retirement Systems(s). Utah Retirement Systems provide retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Center has opted out of the Social Security System retirement program and provides in lieu of Social Security a defined cost pension plan (401a) administered by ICMA Retirement Systems. The employee and employer each contribute 6.20% towards this program.

Other Information

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Distinguished Budget Award to Salt Lake Valley Emergency Communication Center for Fiscal year 2005. The Distinguished Budget award is valid for a period of one year only.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Comprehensive Annual Financial Report Award (CAFR) for the Fiscal year ending June 30, 2004. Management believes this report continues to meets all the standards to receive the award again. The CAFR award is valid for a period of one year only.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Popular Report Award (PRA) for the Fiscal year ending June 30, 2004. Management believes this report continues to meets all the standards to receive the award again. The PRA award is valid for a period of one year only.

Acknowledgements

The preparation of this report on a timely basis was made possible through the efficient and dedicated services of the management and staff of the Center. We would like to express our appreciation to Osborne, Robbins and Buhler PLLC, Certified Public Accountants, for their assistance. We would like to thank the Board of Trustees and Board of Operations for their interest and support in planning financial operations of the Center in a responsible and progressive manner.

Respectfully submitted,

Gary M Lancaster

Gary Lancaster
Interim Executive Director

David P. Sanderson
Financial Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Salt Lake Valley Emergency Valley Communications Center, Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Nancy L. Zielke

President

Jeffrey R. Esser

Executive Director

Salt Lake Valley Emergency Communications Center
List of Principal Officials
June 30, 2005

BOARD OF TRUSTEES

Rick Horst, Chairman, City Manager, South Jordan City
Eric Keck, Assistant Chairman, City Administrator, Draper City
Gary Luebbers, Assistant Chairman, City Manager, West Jordan City
Paul Isacc, Acting City Manager, West Valley City
Krista Dunn, City Council, Murray City
Byron Jorgenson, City Administrator, Sandy City
Lee King, City Administrator, Midvale City
Bob Gray, City Council, City of South Salt Lake
John Patterson, Public Works Director, Salt Lake County

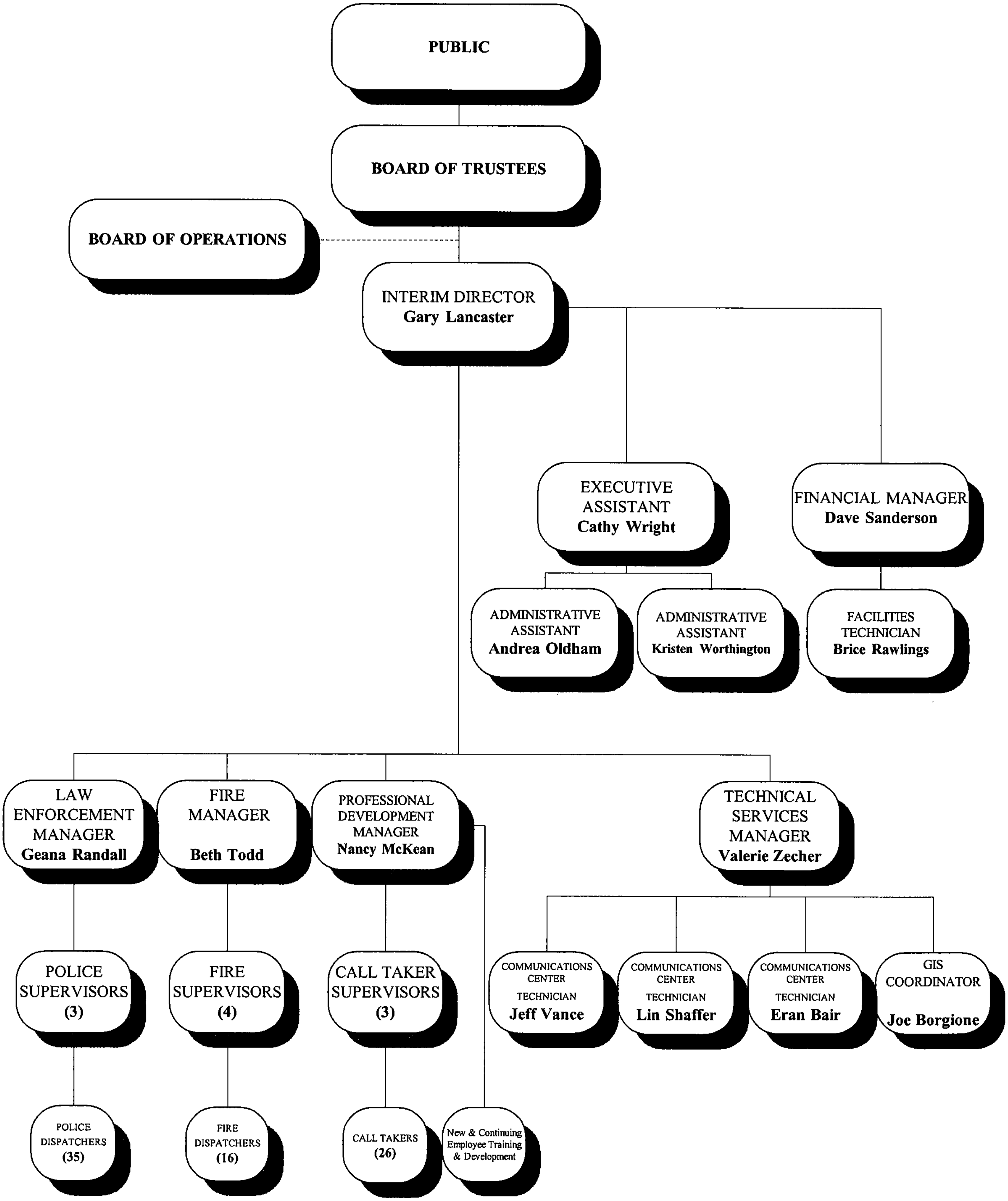
BOARD OF OPERATIONS

Stephen Chapman, Chairman, Police Chief, Sandy City
Steve Foote, Fire Chief, City of South Salt Lake
Theresa Gardner, Police Chief, City of South Salt Lake
Ken McGuire, Police Chief, City of West Jordan
Jake Nielsen, Fire Chief, City of West Jordan
Buzz Nielsen, Police Chief, West Valley City
Van Summers, Fire Chief, West Valley City
Dan Pearson, Police Chief, City of South Jordan
Phil Harris, Fire Chief, City of South Jordan
Don Chase, Fire Chief, Sandy City
Pete Fondaco, Police Chief, Murray City
Blair Camp, Fire Chief, Murray City
Gerald Maughan, Police Chief, Midvale City
Steve Higgs, Fire Chief, Midvale City
Don Berry, Fire Chief, Unified Fire Authority
Mac Connole, Police Chief, Draper City

MANAGEMENT

Gary Lancaster, Interim Executive Director
David P. Sanderson, Financial Manager
Valerie Zecher, Management Information Systems Manager
Geana Randall, Law Enforcement Dispatch Manager
Beth Todd, Fire Dispatch Manager
Nancy McKean, Professional Development Manager
Cathy Wright, Executive Administrative Assistant

Salt Lake Valley Emergency Communications Center



Financial Section

OSBORNE, ROBBINS & BUHLER, P.L.L.C. Certified Public Accountants

4527 SOUTH 2300 EAST, SUITE 201 • SALT LAKE CITY, UTAH 84117-4446 • PHONE: 308-0220 • FAX: 274-8589

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Salt Lake Valley Emergency Communications Center

We have audited the accompanying financial statements of Salt Lake Valley Emergency Communications Center (the Center) as of and for the years ended June 30, 2005 and 2004, as listed in the table of contents. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Salt Lake Valley Emergency Communications Center as of June 30, 2005 and 2004, and the changes in financial position and cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 8, 2005 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of out testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in conjunction with this report in considering the results of our audits.

The Management's Discussion and Analysis on pages 12 through 19 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements that comprise the Center's basic financial statements. The introductory section and statistical schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Center. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we express no opinion on them.

Osborne Robbins & Buhler PLLC

August 8, 2005

Our discussion and analysis of the Center's financial performance provides an overview of the Center's financial activities for the fiscal years ended June 30, 2005 and 2004. Please read it in conjunction with the Center's basic financial statements that begin on page 21.

FINANCIAL HIGHLIGHTS

The Center's net assets increased by $1,420,487 in Fiscal Year 2005. This increase is primarily attributed to two factors. The first factor is 911 service charge revenues increased over the prior year by $1,954,833. These revenues are imposed by member governments on cell phone usage and are passed through the members to the Center as a service fee. Recent legislation implemented on July 1, 2003, by state law requires the Utah State Tax Commission to collect the fee instead of the 911 centers. The reasoning behind this legislation was that this would allow the Utah State Tax Commission to perform audits on the cell phone companies to determine if proper amounts are being remitted. This is the second year the tax commission has collected the service charge. We experienced a ten percent decline in revenues the first year, but now the collection process has been improved. However, the major increase was due to an increase in the 911 service charges on each phone account. This fee increased from .53 cents to .61 cents. The increase of .08 cents was implemented to allow for 911 centers to upgrade their equipment to deal with determine the location of cell phone calls. The second factor was increases in member service fees of approximately 3.5% over the previous year.

Again, the most significant change was the increase in 911 service charge revenue from the previous year amounting to $1,954,833. Member billings were up slightly because of a 3.5% increase in the cost-per-call. Interest rates continue to improve, therefore, interest income improved along with cash balances because of the increased inn 911 service charges. Miscellaneous income was up also; we noticed an increase in the number of tape requests from citizens during the year.

Revenues, including contributions from other governments totaled $9,677,312 for 2005. This was an increase of $2,264,501 from the previous year. The changes from the previous fiscal year are depicted by category as follows:

	2005	2004	Change
911 service charges	$5,928,141	$3,973,308	$1,954,833
Member billings	3,521,287	3,233,943	287,344
Grants	9,662	7,847	1,815
Interest income	21,278	17,172	4,106
Lease revenue	107,000	107,000	-
Miscellaneous	89,944	73,541	16,403
	$9,677,312	$7,412,811	$2,264,501

	2004	2003	Change
911 service charges	$3,973,308	$4,358,912	$ (385,604)
Member billings	3,233,943	3,102,987	130,956
Grants	7,847	-	7,847
Interest income	17,172	27,218	(10,046)
Lease revenue	107,000	100,672	6,328
Miscellaneous	73,541	108,500	(34,959)
	$7,412,811	$7,698,289	$ (285,478)

Expenses increased over the previous year in all but one cost center. Operating expenses were $7,916,875 in fiscal year 2005 compared with $7,599,655 in fiscal year 2004. The major increases were due to rising health insurance costs, increases in overtime costs, and an increase in equipment support agreements.

The Center's total long-term obligations declined during 2005 by a net of $416,113. The majority of this decrease was a principal payment of $304,151 on the Lease Certificates of Participation. In 2001, the Center issued Certificates of Participations (COPS) to originally finance construction of the new building. This amount was refinanced in 2002 and the debt service was reduced, with the length of the debt service reduced to fifteen years. Additionally, there was a reduction in principal of $104,241 on the Center's one capital lease.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements.

The Statement of Net Assets presents information on all the Center's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Center is improving or deteriorating.

The Statement of Activities presents information showing how the Center's net assets changed during the year presented. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods. (Such as earned but unused vacation leave.)

The Statement of Cash Flows presents information about the Center's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

FINANCIAL ANALYSIS

To begin our analysis, a summary of the Center's Statement of Net Assets is presented in Table A-1.

As noted earlier, net assets may serve, over time, as a useful indicator of the Center's financial position. As of June 30, 2005, the Center's assets exceeded liabilities by $2,560,086. Net assets as of June 30, 2004 were $1,139,599. The increase from the previous year was due to the revenue increases in emergency 911 service charges which increased $1,954,833 over the previous fiscal year. Long-term obligations decreased $416,113 due to scheduled principal reductions during the year.

TABLE A-1
Condensed Statement of Net Assets

	June 30, 2005	June 30, 2004	Change
Current and other assets	$2,756,335	$1,333,589	$1,422,746
Capital assets	7,734,007	8,194,282	(460,275)
Total assets	10,490,342	9,527,871	962,471
Long-term obligations	6,594,311	7,010,424	(416,113)
Other liabilities	1,335,945	1,377,848	(41,903)
Total liabilities	7,930,256	8,388,272	(458,016)
Net assets invested in capital Assets, net of related debt	1,264,996	1,321,919	(56,923)
Net assets unrestricted	1,295,090	(182,320)	1,477,410
Total net assets	$2,560,086	$1,139,599	$1,420,487

	June 30, 2004	June 30, 2003	Change
Current and other assets	$1,333,589	$2,151,804	$(818,215)
Capital assets	8,194,282	8,542,279	(347,997)
Total assets	9,527,871	10,694,083	(1,166,212)
Long-term obligations	7,010,424	7,440,833	(430,409)
Other liabilities	1,377,848	1,551,617	(173,769)
Total liabilities	8,388,272	8,992,450	(604,178)
Net assets invested in capital Assets, net of related debt	1,321,919	1,177,586	144,333
Net assets unrestricted	(182,320)	524,047	(706,367)
Total net assets	$1,139,599	$1,701,633	$562,034

TABLE A-2
Changes in Net Assets

	Year Ended June 30, 2005	Year Ended June 30, 2004	Change
Operating revenues			
911 service charges	$5,928,141	$3,973,308	$1,954,833
Charges for services	3,521,287	3,233,943	287,344
Miscellaneous	89,944	73,541	16,403
Total revenues	9,539,372	7,280,792	2,258,580
Expenses			
Administrative services	768,988	612,801	156,187
Management information systems	298,427	444,969	(146,542)
Call takers	2,697,001	2,599,248	97,753
Law enforcement dispatch	2,443,403	2,244,817	198,586
Fire dispatch	1,215,572	1,212,657	2,915
Depreciation	493,484	485,163	8,321
Total expenses	7,916,875	7,599,655	317,220
Operating income (loss)	1,622,497	(318,863)	1,941,360
Nonoperating revenues (expenses)			
Interest income	21,278	17,172	4,106
Intergovernmental revenue	9,662	7,847	1,815
Lease revenue	107,000	107,000	-
Interest expense	(334,910)	(370,150)	35,240
Amortization of debt issue costs	(5,040)	(5,040)	-
Total nonoperating revenues (expenses)	(202,010)	(243,171)	41,161
Increase (decrease) in net assets	1,420,487	(562,034)	$1,982,521
Net assets at beginning of year	1,139,599	1,701,633	
Net assets at end of year	$2,560,086	$1,139,599	

TABLE A-2
Changes in Net Assets - Continued

	Year Ended June 30, 2004	Year Ended June 30, 2003	Change
Operating revenues			
911 service charges	$3,973,308	$4,358,911	$(385,604)
Charges for services	3,233,943	3,102,987	130,956
Miscellaneous	73,541	108,500	(34,959)
Total revenues	7,280,792	7,570,399	(289,607)
Expenses			
Administrative services	612,801	628,333	(15,532)
Management information systems	444,969	301,154	143,815
Call takers	2,599,248	2,256,089	343,159
Law enforcement dispatch	2,244,817	2,111,516	133,301
Fire dispatch	1,212,657	1,127,619	85,038
Depreciation	485,163	471,447	13,716
Total expenses	7,599,655	6,896,158	85,512
Operating income	(318,863)	674,241	(993,104)
Nonoperating revenues (expenses)			
Interest income	17,172	27,218	(10,046)
Intergovernmental revenue	7,847	-	7,847
Lease revenue	107,000	100,672	6,628
Interest expense	(370,150)	(400,353)	30,203
Amortization of debt issue costs	(5,040)	(5,040)	-
Total nonoperating revenues (expenses)	(243,171)	(277,503)	34,322
Increase (decrease) in net assets	(562,034)	396,738	$(958,772)
Net assets at beginning of year	1,701,633	1,304,895	
Net assets at end of year	$1,139,599	$1,701,633	

The increase in net assets for 2005 was due primarily to the increase in emergency 911 service revenues, However, the overall increase was reduced with cost centers incurring additional costs with salaries and increases in health insurance charges, overtime expenses for employees, and increased in equipment support agreements.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2005, there was $13,171,103 invested in capital assets, as shown in Table A-3. This amount increased by $33,210 over the prior year due to the acquisition of new equipment.

TABLE A-3
Capital Assets at Cost

	June 30, 2005	June 30, 2004	June 30, 2003
Land	$ 100,000	$ 100,000	$ 100,000
Buildings	7,373,567	7,373,567	7,373,567
Improvements other than buildings	173,467	173,467	173,467
Equipment, furniture and fixtures	5,524,069	5,490,859	5,353,693
	$13,171,103	$13,137,893	$13,000,727

Additional information on the Center's capital assets can be found in Note E on page 30 of this report.

Debt

During 2002, the Center issued $7,435,000 in Refunding Certificates of Participation to refinance Certificates of Participation that were issued in 2001. This resulted in cash flow savings to the Center over the life of the Certificates of $1,029,444. The Certificates have an outstanding balance at June 30, 2005 of $6,475,648.

As of June 30, 2005 the Center had long-term obligations outstanding related to compensated absences due to employees totaling $185,564.

In addition, the Center had one outstanding capital lease totaling $53,843 that is payable over the next year. The lease was entered into to finance the acquisition of certain equipment.

The following summarizes the long-term debt activity for the Center for fiscal year 2005.

TABLE A-4
Long-Term Debt Outstanding

	Balance at June 30, 2005	Balance at June 30, 2004	Change
2001 Certificates of Participation	$6,475,648	$6,779,799	$(304,151)
Capital lease obligations	53,843	158,084	(104,241)
Unearned revenue	396,430	419,302	(22,872)
Compensated absences	185,564	162,899	22,665
	$7,111,485	$7,520,084	($408,599)

	Balance at June 30, 2004	Balance at June 30, 2003	Change
2001 Certificates of Participation	$6,779,799	$7,056,950	$ (277,151)
Capital lease obligations	158,084	378,303	(220,219)
Deferred revenue	419,302	442,174	(22,872)
Compensated absences	162,899	145,094	17,805
	$7,520,084	$8,022,521	$ (502,437)

The Center has never issued bonds and has no bond rating.

Additional information on the Center's Long-Term Debt can be found in Notes D and F on pages 29 and 31-32 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S OPERATIONS

Many operational and growth issues are affecting the Center. The most significant factor is how VoIP will affect the future of revenue sources and operations on the Center. VoIP stands for Voice over Internet Protocol (VoIP). The Center is currently assessing the best approach to handle the financial and regulatory impact that VoIP will have on operations. Strategic approaches must be developed in the future to deal with the potential financial and regulatory impact. This new type of 9-1-1 call requires a more complex support structure than the old wire line 9-1-1. Certain upgrades are needed to process location information. The Center is still in the process of updating to Phase II wireless technology that is discussed below. In the world of VoIP convergence, information can be voice or data. This result is an efficient, cost-effective way to merge voice and data traffic on a common platform, since it is no longer necessary to maintain separate networks for voice and data. VoIP convergence represents the next revolution in communication services. It has been forecasted that VoIP telephony services would grow to about 1,000,000 US households by the end of 2005. VoIP has no regulatory control and therefore, no 9-1-1 service fees. The FCC will be the agency responsible for creating the regulatory frame-work for VoIP and the methodology for collecting 9-1-1 service fees. It is expected that state and local governments will seek to impose telecommunication excise taxes on VoIP.

Fiscal year 2005/2006 budget showed a decrease from the fiscal year 2004/2005 in the amount of $84,999. The decrease was attributed to slightly lower revenue expectations for the coming year. The Center will be upgrading their phone system in the current budget year to implement Phase II technology. Phase II technology is for wireless phone calls to determine where the call is being placed through longitude and latitude technology. Every phone manufactured after 2004, is required to have a global positioning chip so when the call comes to the Center, the whereabouts of the call can be determined. The cost to the Center to implement Phase II technology for the Center is approximately 1.8 million dollars.

CONTACTING THE CENTER'S FINANCIAL MANGEMENT

This report is designed to provide a general overview of the Center's finances and to demonstrate the Center's accountability for the money it receives. If you have questions about this report or need additional information, contact the Center's Interim Executive Director at 5360 South Ridge Village Drive, West Valley, Utah 84118, by phone at (801) 840-4007, or e-mail at glancaster@vecc9-1-1.com.

Basic Financial Statements

Salt Lake Valley Emergency Communications Center
Statements of Net Assets
June 30,

	2005	2004
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,196,041	$ 215,313
Receivables		
Intergovernmental	1,414,881	1,027,672
Other	12,333	25,084
Prepaids	72,600	-
Total current assets	2,695,855	1,268,069
Noncurrent assets:		
Land	100,000	100,000
Depreciable capital assets, net of accumulated depreciation	7,634,007	8,094,282
Debt issue costs, net	60,480	65,520
Total noncurrent assets	7,794,487	8,259,802
Total assets	$ 10,490,342	$ 9,527,871
LIABILITIES		
Current liabilities		
Accounts payable	$ 48,579	$ 133,820
Accrued liabilities	430,192	394,368
Current portion, certificates of participation	339,000	310,000
Current portion, capital lease obligations	53,843	104,241
Current portion, compensated absences	101,459	72,547
Current portion, unearned revenue	22,872	22,872
Payable to other governments	340,000	340,000
Total current liabilities	1,335,945	1,377,848
Noncurrent liabilities		
Certificates of participation	6,136,648	6,469,799
Capital lease obligations	-	53,843
Unearned revenue	373,558	396,430
Compensated absences	84,105	90,352
Total noncurrent liabilities	6,594,311	7,010,424
Total liabilities	7,930,256	8,388,272
NET ASSETS		
Invested in capital assets, net of related debt	1,264,996	1,321,919
Unrestricted (deficit)	1,295,090	(182,320)
Total net assets	2,560,086	1,139,599
Total liabilities and net assets	$ 10,490,342	$ 9,527,871

See accompanying notes to financial statements.

Salt Lake Valley Emergency Communications Center
Statements of Activities and Changes in Net Assets
For the fiscal years ended June 30,

	2005	2004
Operating revenues		
Charges for services		
911 service charges	$ 5,928,141	$ 3,973,308
Member billings	3,521,287	3,233,943
Miscellaneous	89,944	73,541
Total operating revenues	9,539,372	7,280,792
Operating expenses		
Administrative services	768,988	612,801
Management information systems	298,427	444,969
Call takers	2,697,001	2,599,248
Law enforcement dispatch	2,443,403	2,244,817
Fire dispatch	1,215,571	1,212,657
Depreciation	493,485	485,163
Total operating expenses	7,916,875	7,599,655
Operating income (loss)	1,622,497	(318,863)
Nonoperating revenues (expenses)		
Interest income	21,278	17,172
Intergovernmental revenue	9,662	7,847
Lease revenue	107,000	107,000
Interest expense	(334,910)	(370,150)
Amortization of debt issue costs	(5,040)	(5,040)
Total nonoperating revenues (expenses)	(202,010)	(243,171)
Increase (decrease) in net assets	1,420,487	(562,034)
Net assets at beginning of year	1,139,599	1,701,633
Net assets at end of year	$ 2,560,086	$ 1,139,599

See accompanying notes to the basic financial statements.

Salt Lake Valley Emergency Communications Center
Statements of Cash Flows
For the fiscal years ended June 30,

	2005	2004
Cash flows from operating activities		
Receipt of 911 service charges	$ 5,548,141	$ 3,412,956
Member billings received	3,526,829	3,055,985
Payments to suppliers	(3,197,313)	(2,824,626)
Payments to employees	(4,300,701)	(4,141,150)
Other receipts	89,944	73,541
Net cash provided by (used in) operating activities	1,666,900	(423,294)
Cash flows from capital and related financing activities		
Purchase of capital assets	(33,210)	(137,166)
Intergovernmental revenue collected	9,662	7,847
Principal paid on certificates of participation	(310,000)	(283,000)
Interest paid on certificates of participation	(347,980)	(362,356)
Principal paid on capital lease obligations	(104,241)	(220,219)
Interest paid on capital lease obligations	(5,809)	(12,727)
Net cash used by capital and related financing activities	(791,578)	(1,007,621)
Cash flows from investing activities		
Lease revenue collected	84,128	84,128
Interest income collected	21,278	17,172
Net cash provided by investing activities	105,406	101,300
Net increase (decrease) in cash and cash equivalents	980,728	(1,329,615)
Cash and cash equivalents at beginning of year	215,313	1,544,928
Cash and cash equivalents at end of year	$ 1,196,041	$ 215,313

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	$ 1,622,497	$ (318,863)
Adjustments to reconcile operating income to net cash used in operating activities		
Depreciation	493,485	485,163
Changes in assets and liabilities		
Receivables	(374,458)	(540,376)
Prepaid expenses	(72,600)	23,936
Deferred revenue related to member billings	-	(197,934)
Accounts payable	(85,241)	109,441
Accrued liabilities	83,217	15,339
Net cash provided by (used in) operating activities	$ 1,666,900	$ (423,294)

See accompanying notes to the basic financial statements.

NOTE A - SUMMARY OF ACCOUNTING POLICIES

Salt Lake Valley Emergency Communications Center (the Center) was established in 1988 under the Utah Interlocal Co-operation Act as a joint enterprise of several cities located in Northern Utah. The Center operates under the direction of an appointed Board of Trustees which consists of representatives from each of the member cities. The Center was created for the purpose of funding and operating a facility which provides various services to the member cities including: emergency communications, dispatch services for police, fire and medical needs, and 911 service.

The Center's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Center has the option to apply FASB pronouncements issued after that date, the Center has chosen not to do so. The more significant accounting policies established in GAAP and used by the Center are discussed below.

Reporting entity

The Center's basic financial statements include the financial position and results of operations of the Center. A review of other units of local government, using the criteria set forth in generally accepted accounting principles, indicates there are no additional entities or funds for which the Center has reporting responsibilities. Management has determined the Center should not be considered a component unit of its member governments for the following reasons:

- The Center has separate legal standing from its member governments.
- None of the member governments appoint the voting majority of the Center's Board of Trustees. The Center's Board of Trustees consists of 9 members – each member government appointing one board member.
- The Center is fiscally independent of its member governments.
- The financial statements of its member governments would not be misleading or incomplete without the inclusion of the Center's financial statements.

Basic Financial Statements and Basis of Accounting

The Center is an enterprise fund and categorized as a business-type activity, where the intent is that costs of providing goods or services to the member entities on a continuing basis be financed or recovered primarily through member billings and 911 service charges that are imposed by the member governments for use by the Center.

The Center's financial statements are presented on the full accrual, economic resource basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recognized when earned and expenses are recognized when incurred.

NOTE A – SUMMARY OF ACCOUNTING POLICIES - CONTINUED

Operating revenues and expenses are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expense not related to capital and related financing, noncapital financing, or investing activities. The Center's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets, if any; and unrestricted net assets.

Receivables

Receivables consist of amounts due from member cities, 911 franchise taxes and miscellaneous other items. An allowance for doubtful accounts is not considered necessary as of June 30, 2005 or 2004.

Cash and cash equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an original maturity date of less than 90 days.

Capital assets and depreciation

Capital assets are defined by the Center as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of 5 years. The Center records its capital assets at cost. Contributed capital assets are valued at their estimated fair market value on the date of contribution. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Maintenance and repairs are charged to current period operating expenses, whereas additions and improvements are capitalized.

Depreciation of property and equipment has been provided using the straight-line method over the following estimated useful lives:

	Years
Buildings	30
Improvements other than buildings	10
Equipment, furniture and fixtures	10

Debt issue costs

Debt issue costs are recorded as an asset and amortized over the life of the related obligation. Amortization is computed on the straight-line method, which approximates the effective interest method.

NOTE A – SUMMARY OF ACCOUNTING POLICIES - CONTINUED

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

NOTE B – DEPOSITS AND INVESTMENTS

The Center's deposits and investing are governed by the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) and rules of the State of Utah Money Management Council.

Custodial Credit Risk – Deposits
The custodial credit risk for deposits is the risk that in the event of a bank failure, the Center's deposits may not be recovered. The Money Management Act requires deposits be in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. The deposits for the Center at June 30, 2005 were $21,391, none of which was exposed to custodial credit risk as uninsured and uncollateralized.

Investments
The Money Management Act defines the types of securities authorized as appropriate investments and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of investment securities.

The Act authorizes investments in both negotiable and nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae), and Student Loan Marketing

NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED

Association (Sallie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rate "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; and shares or certificates in a money market mutual fund as defined in the Act.

The Center's investments at June 30, 2005 are presented below:

		Investment Maturities (in years)			
Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
Debt Securities					
Utah Public Treasurer's Investment Fund	$1,174,650	$1,174,650	$ -	$ -	$ -

Interest Rate Risk – Investments
Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment.

The Center's policy for managing interest rate risk is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years.

Credit Risk of Debt Securities
Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Center follows the Money Management Act as previously discussed as its policy for reducing exposure to investment credit risk. The Center's rated debt investments are presented below:

		Quality Ratings			
Rated Debt Investments	Fair Value	AAA	AA	A	Unrated
Debt Securities					
Utah Public Treasurer's Investment Fund	$1,174,650	$ -	$ -	$ -	$1,174,650

Custodial Credit Risk – Investments
Cutodial credit risk for investments is the risk that, in the event of a failure of the counter party, the Center will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Center does not have a formal policy for custodial credit risk.

NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED

All of the Center's investments at June 30, 2005 were with the Utah Public Treasurer's Investment Fund and therefore are not categorized as to custodial credit risk. Additional information regarding the Utah Public Treasurer's Investment Fund is available at Note C.

Concentration of Credit Risk – Investments
Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer.

The Center's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the portfolio. The Money Management Council limitations do not apply to securities issued by the U.S. government and its agencies.

All of the Center's investments at June 30, 2005 were with the Utah Public Treasurer's Investment Fund and therefore are not categorized as to concentration of credit risk. Additional information regarding the Utah Public Treasurer's Investment Fund is available at Note C.

NOTE C – EXTERNAL INVESTMENT POOL

The Center invests in the Public Treasurer's Investment Fund (PTIF) which is an external investment pool administered by Utah State Public Treasurer. State agencies, municipalities, counties, and local governments within the State of Utah are allowed to invest in the PTIF. There is no required participation and no minimum balance or minimum/maximum transaction requirements.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Chapter 51-7, Utah Code Annotated, 1953, as amended. The Act establishes the Money Management Council which oversees the activities of the State Treasurer and the PTIF. The Act details the investments that are authorized which are high-grade securities and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances.

Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah and participants share proportionally in any realized gains or losses on investments.

The PTIF allocates income and issues statements on a monthly basis. The PTIF operates and reports to participants on an amortized cost basis. The participants' balance is their investment deposited in the PTIF plus their share of income, gains and losses, net of administration fees, which are allocated to each participant on the ratio of each participant's share to the total funds in the PTIF.

NOTE C – EXTERNAL INVESTMENT POOL - CONTINUED

Twice a year, at June 30 and December 31, the investments are valued at fair value to enable participants to adjust their investments in this pool at fair value. The Bank of New York and the State of Utah separately determine each security's fair value in accordance with GASB 31 (i.e. for almost all pool investments the quoted market price as of June 30, 2005) and then compare those values to come up with an agreed upon fair value of the securities.

As of June 30, 2005, the Center had $1,174,650 invested in the PTIF which had a fair value of $1,174,831 for an unrealized gain of $181. Due to the insignificance of this amount, the fair value of the investments in this external investment pool is deemed to be the amortized cost of the investment.

The table below shows statistical information about the investment pool:

Investment Type	Investment Percentage
Corporate bonds and notes	56.61%
Money market accounts and Certificates of deposit	9.39%
U.S. Government securities	34.00%
	100.00%

NOTE D – UNEARNED REVENUE

Unearned revenue consists of the following as of June 30,

	2005	2004
Prepaid lease revenue under operating lease agreements with Utah Communications Agency Network	$396,430	$419,302
Less current portion	22,872	22,872
	$373,558	$396,430

NOTE E – CAPITAL ASSETS

Capital asset activity is summarized as follows:

	July 1, 2004	Increases	Decreases	June 30, 2005
Nondepreciable capital assets:				
Land	$ 100,000	$ -	$ -	$ 100,000
Depreciable capital assets:				
Buildings	$7,373,567	$ -	$ -	$7,373,567
Improvements other than buildings	173,467	-	-	173,467
Equipment, furniture and fixtures	5,490,859	33,210	-	5,524,069
Total depreciable capital assets at historical cost	13,037,893	33,210	-	13,071,103
Less accumulated depreciation:				
Buildings	717,043	245,785	-	962,828
Improvements other than buildings	173,467	-	-	173,467
Equipment, furniture and fixtures	4,053,101	247,700	-	4,300,801
Total accumulated depreciation	4,943,611	493,485	-	5,437,096
Depreciable capital assets, net of accumulated depreciation	$8,094,282	$(460,275)	$ -	$7,634,007

	July 1, 2003	Increases	Decreases	June 30, 2004
Nondepreciable capital assets :				
Land	$ 100,000	$ -	$ -	$ 100,000
Depreciable capital assets:				
Buildings	$7,373,567	$ -	$ -	$7,373,567
Improvements other than buildings	173,467	-	-	173,467
Equipment, furniture and fixtures	5,353,693	137,166	-	5,490,859
Total depreciable capital assets at historical cost	12,900,727	137,166	-	13,037,893
Less accumulated depreciation:				
Buildings	471,258	245,785	-	717,043
Improvements other than buildings	173,467	-	-	173,467
Equipment, furniture and fixtures	3,813,723	239,378	-	4,053,101
Total accumulated depreciation	4,458,448	485,163	-	4,943,611
Depreciable capital assets, net of accumulated depreciation	$8,442,279	$(347,997)	$ -	$8,094,282

NOTE F – LONG-TERM OBLIGATIONS AND CERTIFICATES OF PARTICIPATION

The following is a summary of changes in long-term obligations:

	July 1, 2004	Additions	Deletions	June 30, 2005	Amounts Due Within One Year
Lease Certificates of Participation – Series 2001	$6,779,799	$ -	$304,151	$6,475,648	$339,000
Capital lease obligations	158,084	-	104,241	53,843	53,843
Unearned lease revenue	419,302	-	22,872	396,430	22,872
Compensated absences	162,899	313,264	290,599	185,564	101,459
	$7,520,084	$313,264	$721,863	$7,111,485	$517,174

	July 1, 2003	Additions	Deletions	June 30, 2004	Amounts Due Within One Year
Lease Certificates of Participation – Series 2001	$7,056,950	$ -	$(277,151)	$6,779,799	$310,000
Capital lease obligations	378,303	-	(220,219)	158,084	104,241
Unearned lease revenue	442,174	-	(22,872)	419,302	22,872
Compensated absences	145,094	279,024	(261,219)	162,899	72,547
	$8,022,521	$279,024	$(781,461)	$7,520,084	$872,395

During December 2001, the Center entered into a lease purchase arrangement through certificates of participation. Under the agreement, a national bank, acting as trustee, issued $7,435,000 in Refunding Certificates of Participation, Series 2001. The Series 2001 Certificates are payable in 15 annual installments ranging from $604,158 to $834,335, including interest at 5.08%. The final maturity of the Certificates is in 2016.

Under the agreement, the bank owns the buildings, equipment and communications tower, construction and acquisition of which was financed under a similar prior agreement and leases that property to the Center under a lease/purchase agreement. The Center pays base rentals that are sufficient to pay the principal and interest when due on the Certificates.

NOTE F – LONG-TERM OBLIGATIONS AND CERTIFICATES OF PARTICIPATION – CONTINUED

The base rentals (which equal the annual debt service requirements to maturity, including principal and interest on the Certificates), are as follows:

Year Ending June 30,	Principal	Interest	Total
2006	$ 339,000	$ 332,232	$ 671,232
2007	369,000	315,011	684,011
2008	402,000	296,266	698,266
2009	436,000	275,844	711,844
2010	472,000	253,695	725,695
2011-2015	2,988,000	867,612	3,855,612
2016	1,534,000	118,262	1,652,262
	6,540,000	2,458,922	8,998,922
Less unamortized loss on refunding	(64,352)	-	(64,352)
	$ 6,475,648	$ 2,458,922	$ 8,934,570

The Series 2001 Certificates were issued to finance a current refunding of $7,433,000 of Series 2000 Certificates of Participation that were originally issued to finance the construction of the property covered under the lease described above. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by $87,748. This amount is being netted against the new debt and amortized over the new debt's life, which is shorter than the refunded debt. The transaction also resulted in an economic gain of $361,654 and a reduction of $1,029,444 in future debt service payments.

NOTE G – CAPITAL LEASE OBLIGATIONS

In prior years the Center had entered into two lease agreements as lessee for financing the acquisition of certain computer equipment. One of the leases was paid off during 2004. These lease agreements qualified as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows at June 30,

	2005	2004
Computer equipment and software, at cost	$500,000	$1,175,597
Less accumulated depreciation	(250,000)	(470,240)
	$250,000	$ 705,357

NOTE G – CAPITAL LEASE OBLIGATIONS - CONTINUED

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2005 are as follows:

Year ending June 30,	
2006	$55,025
Less: amount representing interest	(1,182)
Present value of minimum lease payments	53,843
Current portion	(53,843)
Long-term portion	$ -

NOTE H - COMPENSATED ABSENCES

Full-time, regular employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Center. Employees can also earn compensatory time for hours worked in excess of normal full-time hours. Accumulated unpaid amounts are accrued when benefits vest to employees and the unpaid liability is reflected as compensated absences payable.

NOTE I - RETIREMENT PLANS

Plan Description - The Center contributes to the Local Governmental Noncontributory Retirement System cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and Plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

NOTE I - RETIREMENT PLANS - CONTINUED

Funding Policy - Plan members are required to contribute a percent of their covered salary (all or part may be paid by the employer) to the respective systems to which they belong. At June 30, 2005, in the Local Governmental Noncontributory Retirement System, the Center is required to contribute 11.09% of employees' annual covered salary. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

The Center contributions to the Local Governmental Noncontributory Retirement System for the years ended June 30, 2005, 2004, and 2003, were $427,651, $357,375, and $297,570, respectively. The contributions were equal to the required contributions for each year.

NOTE J - DEFERRED COMPENSATION PLAN

Under the Utah State Retirement Systems Plan, the Center participates in a 401(k) plan which is a multiple employer defined contribution plan. All employees of the Center are eligible to participate in the plan. The employee is 100 percent vested immediately upon contribution to the plan. The employer contributes 4.77% of the employee's eligible salary for retirement benefits and the employee contribution is voluntary.

Contributions made by employees to the 401(k) Plan were $39,795 and $46,199 for 2005 and 2004, respectively. In 2005, the Center made contributions totaling $53,182 ($90,484 in 2004).

In addition, the Center offers its employees participation in a defined contribution deferred compensation plan created in accordance with Internal Revenue Code Section 401(a) (the 401(a) plan). All employees of the Center are eligible and are required to participate in the 401(a) plan. The employee is fully vested in the plan after 5 years of service. The Center and the employee each contribute 6.2% of the employee's eligible salary to the plan on behalf of the employee. Contributions to the plan by employees and by the Center were $609,055 in 2005 ($589,349 in 2004).

The Center also offers its full-time employees voluntary participation in a deferred compensation plan in accordance with Internal Revenue Code Section 457. Contributions to the plan by employees were $24,981 in 2005 ($31,758 in 2004).

NOTE K - RISK MANAGEMENT

The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Center carries commercial insurance for all of these risks of loss, except natural disasters other than earthquakes. During 2005, the Center did not decrease any levels of insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE K – RISK MANAGEMENT – CONTINUED

Expenses and claims not covered by insurance are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

Claims information for the past two years is as follows:

	2005	2004
Claims liability July 1,	$ -	$ -
Claims incurred during the year and changes in estimates	-	-
Payments on claims during the year		
Payments made by insurance	-	-
Payments made by the Center	-	-
Claims liability June 30,	$ -	$ -

NOTE L – LEASE REVENUE

The Center is currently leasing office space and a radio room to Utah Communications Agency Network (UCAN) under two operating lease agreements. Under the terms of these leases, UCAN is required to make quarterly payments of $21,032 until January 1, 2020 at which time the leases expire unless both parties agree to extend their terms.

In addition, the Center is leasing a storage facility to UCAN under an operating lease agreement. The annual lease amount under this lease agreement is $22,872 until October 31, 2022, at which time the lease expires unless both parties agree to extend the term of the lease.

The following is a schedule of the future minimum lease payments under the terms of these leases:

Year ending June 30,	
2006	$ 107,000
2007	107,000
2008	107,000
2009	107,000
2010	107,000
Thereafter	1,079,464
	$1,614,464

Statistical Section

This part of the Salt Lake Valley Emergency Communication's Center comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Center's overall financial health.

Contents

Note: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Center implemented GASB Statement 44 in 2005; new information required by GASB 44 is shown prospectively except in those cases in which prior year information was readily available.

Salt Lake Valley Emergency Communications Center
Net Assets by Component
Last Four Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2002	2003	2004	2005
Invested in capital assets, net of related debt	$ 433,072	$ 1,177,586	$ 1,321,919	$ 1,264,996
Restricted	-	-	-	-
Unrestricted	871,823	524,047	(182,320)	1,295,090
Total	$ 1,304,895	$ 1,701,633	$ 1,139,599	$ 2,560,086

Note: Prior to fiscal year 2002, the Center prepared its financial statements on the modified accrual basis of accounting.

Schedule 2

Salt Lake Valley Emergency Communications Center
Changes in Net Assets
Last Four Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2002	2003	2004	2005
Operating revenues				
Charges for services				
911 service charges	$ 3,812,668	$ 4,358,912	$ 3,973,308	$ 5,928,141
Member billings	2,856,272	3,102,987	3,233,943	3,521,287
Olympic committee operating grant	108,628	-	-	-
Miscellaneous	40,028	108,500	73,541	89,944
Total operating revenues	6,817,596	7,570,399	7,280,792	9,539,372
Operating expenses				
Administrative services	719,822	628,333	612,801	768,988
Management information systems	314,124	301,154	444,969	298,427
Call takers	2,152,106	2,256,089	2,599,248	2,697,001
Law enforcement dispatch	2,029,219	2,111,516	2,244,817	2,443,403
Fire dispatch	1,143,398	1,127,619	1,212,657	1,215,571
Depreciation	451,977	471,447	485,163	493,485
Total operating expenses	6,810,646	6,896,158	7,599,655	7,916,875
Operating income (loss)	6,950	674,241	(318,863)	1,622,497
Nonoperating revenues (expenses)				
Interest income	51,597	27,218	17,172	21,278
Intergovernmental revenue	-	-	7,847	9,662
Lease revenue	58,460	100,672	107,000	107,000
Interest expense	(487,876)	(400,353)	(370,150)	(334,910)
Amortization of debt issue costs	(5,400)	(5,040)	(5,040)	(5,040)
Total nonoperating revenues (expenses)	(383,219)	(277,503)	(243,171)	(202,010)
Increase (decrease) in net assets	(376,269)	396,738	(562,034)	1,420,487
Net assets a beginning of year	1,681,164	1,304,895	1,701,633	1,139,599
Net assets at end of year	$ 1,304,895	$ 1,701,633	$ 1,139,599	$ 2,560,086

Schedule 3

Salt Lake Valley Emergency Communications Center
Ratio of Outstanding Debt by Type
Last Four Fiscal Years

	Fiscal Year			
	2002	2003	2004	2005
Certificate of Participations	$ 7,353,101	$ 7,056,950	$ 6,779,799	$ 6,475,648
Capital leases	705,143	378,303	158,084	53,843
Total business-type debt	$ 8,058,244	$ 7,435,253	$ 6,937,883	$ 6,529,491
Personal income (1)	$ 28,204	$ 28,539	$ 28,760	$ 29,010
Population data (2)	587,820	601,560	613,560	620,015
Percentage of personal income	0.35%	0.38%	0.41%	0.44%
Per capita	7.29%	8.09%	8.84%	9.50%

(1) Per capital income provided by the Governor's Office of Planning and Budget
(2) Population data based on the 2000 census and estimated based on community growth rates

Salt Lake Valley Emergency Communications Center
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (1)	Per Capita Personal Income (2)	Unemployment Rate (3)
1996	434,568	N/A	N/A	3.30%
1997	475,444	N/A	N/A	3.20%
1998	491,662	N/A	N/A	2.90%
1999	498,530	N/A	N/A	3.60%
2000	523,969	N/A	N/A	3.60%
2001	533,419	$14,761,837,406	27,674	3.10%
2002	587,820	$16,578,875,280	28,204	4.30%
2003	601,560	$17,167,920,840	28,539	6.10%
2004	613,560	$17,645,985,600	28,760	5.80%
2005	620,015	$17,986,635,150	29,010	5.53%

(1) Estimates of total personal income are derived by multiplying per capita personal income amounts by the corresponding population

(2) Per capita personal income amounts are for Salt Lake County.

(3) Unemployment rates are for the Salt Lake County area.

Salt Lake Valley Emergency Communications Center
Full-time Equivalent Employees by Function
Last Four Fiscal Years

	Fiscal Year			
	2002	2003	2004	2005
Function				
Administration	7	7	6	6
Management information systems	3	3	4	4
Call takers	31	31	31	36
Law dispatch	39	39	44	44
Fire dispatch	21	21	21	21
Total full-time equivalents	101	101	106	111

Salt Lake Valley Emergency Communications Center
Operating Indicators by Program
Last Four Calendar Years

	Calendar Year (1)		
	2002	2003	2004
Call takers			
Emergency 911	155,622	105,472	92,624
Cell Emergency 911	106,287	156,748	164,485
Non Emergency	311,683	311,962	320,284
Total calls to Center	573,592	574,182	577,393
Dispatch			
Law Enforcement			
Dispatched calls	311,657	342,966	295,595
Cost-per-call	$ 6.69	$ 6.69	$ 6.94
Fire Dispatch			
Dispatched calls	50,249	50,278	50,317
Cost-per-call	$ 18.96	18.96	19.68

(1) These type of statistics are compiled based on calendar years instead of fiscal years

Compliance and Internal Control Section

OSBORNE, ROBBINS & BUHLER, P.L.L.C. Certified Public Accountants

4527 SOUTH 2300 EAST, SUITE 201 • SALT LAKE CITY, UTAH 84117-4446 • PHONE: 308-0220 • FAX: 274-8589

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Salt Lake Valley Emergency Communications Center

We have audited the financial statements of Salt Lake Valley Emergency Communications Center, as of and for the year ended June 30, 2005, and have issued our report thereon dated August 8, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the organization, the Board of Trustees, and the Utah State Auditor's Office, and is not intended to be and should not be used by anyone other than these specified parties.

Osborne Robbins & Buhler PLLC

August 9, 2004

OSBORNE, ROBBINS & BUHLER, P.L.L.C. Certified Public Accountants

4527 SOUTH 2300 EAST, SUITE 201 • SALT LAKE CITY, UTAH 84117-4446 • PHONE: 308-0220 • FAX: 274-8589

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON STATE LEGAL COMPLIANCE IN ACCORDANCE WITH *STATE OF UTAH LEGAL COMPLIANCE AUDIT GUIDE*

Board of Trustees
Salt Lake Valley Emergency Communications Center

We have audited the accompanying financial statements of Salt Lake Valley Emergency Communications Center (the Center) for the year ended June 30, 2005, and have issued our report thereon dated August 8, 2005. The Center received the following nonmajor grant which is not required to be audited for specific compliance requirements:

EMS Grant (Department of Health)

Our audit included testwork on the Center's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide including:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Other General Compliance Issues

The Center did not receive any major State grants during the year ended June 30, 2005.

The management of the Center is responsible for the Center's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with requirements referred to above.

In our opinion, the Center complied, in all material respects, with the general compliance requirements identified above for the year ended August 8, 2005.

This report is intended solely for the information of management, others within the organization, the Board of Trustees, and the Utah State Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

Osborne Robbins & Buhler PLLC

August 8, 2005